

Message Text

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ORIGIN OPIC-12

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9/26/73 EXT 21766

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FM SECSTATE WASHDC

TO AMEMBASSY DACCA

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E.O. 11652: N/A

TAGS: EFIN

SUBJECT: BANGLADESH FABRICS: OPIC CONTRACTS OF GUARANTY 1141

AND 6080 - COOLEY LOAN NO. 391-E-030

REF: A. DACCA 4052; B. DACCA 399

1. BELBAGCO REP. INFORMED OPIC THEY WROTE BDG 6/11/73 RE CLAIM FOR NATIONALIZED ASSETS. BDG ACKNOWLEDGED RECEIPT OF LETTER BUT HAS NOT REPEAT NOT SENT APPROPRIATE FORMS. OPIC HAS NO INFORMATION RE ANY BANGLADESH FABRICS RESPONSE TO QUESTIONNAIRE DESCRIBED IN REFTEL B. OPIC NEGOTIATIONS WITH BELBAGCO AWAITING FINALIZATION OF AUDIT REPORT. EXPECT REPORT SOON AND WILL PROCEED PROMPTLY.

2. COOLEY LOAN REMAINS IN DEFAULT. OPIC HAS RECEIVED NO WORD FROM BANGLADESH FABRICS RE OBLIGATIONS UNDER THE LOAN AGREEMENT

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SINCE LETTER OF NOVEMBER 22, 1972 TO BANGLADESH JUTE MILLS

CORPORATION. BANGLADESH FABRICS WOULD NOT MAKE THE ADVANCE PAYMENT DUE AUGUST 1, 1973 UNDER THE 1968 RESCHEDULING AGREEMENT AND THAT LETTER NOTES QUOTE THE NEXT INSTALLMENT FOR 1973 OF TAKA 715,598.98 BOTH PRINCIPAL AND INTEREST, IF AT ALL TO BE PAID, WILL THEN BE DUE ON 1ST AUGUST 1973. UNQUOTE. OUR FILES SHOW THAT THE UNPAID PRINCIPAL BALANCE ON THE COOLEY LOAN IS 2,995,986.63 RUPEES. PREPAYMENT DUE ON AUGUST 1, 1972 WAS 746,081.69 RUPEES. PREPAYMENT DUE AUGUST 1, 1973 WAS 715,498.98 RUPEES. UNDER THE TERMS OF THE RESCHEDULING AGREEMENTS, PAYMENT DUE NOW IS THUS 1,461,580.67 RUPEES. FYI. WE RECOGNIZE THAT PAYMENT WILL NOT BE MADE IN PAK RUPEES, BUT IF BANGLADESH FABRICS ACKNOWLEDGES OBLIGATION BENGAL TAKA PAYMENTS WILL BE ACCEPTABLE. END FYI.

3. OUR FILES ALSO INDICATE THAT BANGLADESH FABRICS HAS NOT REPLIED TO FIRST SECRETARY FULLER'S LETTER OF JANUARY 29, 1973. IF OTHERWISE, PLEASE NOTIFY.

4. WE BELIEVE IT IS APPROPRIATE AT THIS TIME TO MAKE A FORMAL DEMAND ON BANGLADESH FABRICS FOR PAYMENT OF THE AMOUNT CURRENTLY DUE ON THE COOLEY LOAN. SINCE BANGLADESH FABRICS HAS YET TO ACKNOWLEDGE THE DEBT, WE BELIEVE IT IS ADVISABLE TO FIRST APPROACH THE COMPANY INFORMALLY. IF BANGLADESH FABRICS DOES NOT HAVE A COPY OF THE AGREEMENTS, THESE SHOULD BE PROVIDED. IF THE COMPANY STILL WILL NEITHER MAKE THE PAYMENT DUE OR ACKNOWLEDGE THE DEBT, PLEASE ADVISE ASAP.

DECONTROL 9/26/74. KISSINGER

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